

**Remarks of the Hon. Ileana Ros-Lehtinen, Ranking Member
Committee on Foreign Affairs
For Hearing on:
“Sinking the Copyright Pirates: Global Protection of Intellectual Property”
April 6, 2009**

I am very pleased that you have called this hearing today on the global piracy of intellectual property.

As you are aware, the Committee has had a long interest in this worldwide problem and its broad impact on U.S. interests, including our national security.

A prominent example of the Committee’s work was the hearing in 2003 at which senior officials from Homeland Security and Interpol testified that violent Islamist militants, including al-Qaeda, Hamas, and Hezbollah, were enriching themselves from intellectual property piracy and using the proceeds to fund their activities around the world.

According to the Secretary General of Interpol:

“intellectual property crime is becoming the preferred method of funding for a number of terrorist groups. There are enough examples now of the funding of terrorist groups in this way for us to worry about the threat to public safety.”

Recent reports indicate that the threat continues to grow.

Many people believe that the piracy of intellectual property, including their own illegal copying of music, movies, and software, or their purchasing bootleg copies, is close to being a victimless crime, with only a minor cost to large and wealthy corporations.

But there are in fact real victims in these so-called “victimless” crimes, namely those who have been killed and maimed by the terrorists whose actions were made possible by this blood money.

My direct involvement in intellectual property rights is long-standing.

For six years, I served as Chair of the Subcommittee on International Economic Policy and Trade, where one of our top concerns was combating the infringement of intellectual property rights.

As I noted, these crimes are often regarded as the problem of faceless corporations that have little to do with the average citizen.

But in fact it affects all of us.

As our economy has moved from one of traditional manufacturing to one that is knowledge-based, the protection of intellectual property rights has become increasingly important to our country's prosperity.

It is definitely a cause of concern to the increasing number of Americans whose livelihoods depend directly on these industries.

In 1996, the International Intellectual Property Alliance estimated that U.S. businesses lost more than \$6 billion to copyright pirates in other countries, with China accounting for one-third of the total.

The problem was enormous then and has grown rapidly since.

In 2007 alone, U.S. companies lost more than \$20 billion due to copyright infringement around the world.

This annual theft of tens of billions of dollars is manifested in the loss of countless jobs and a major reduction in tax revenues.

The problem is a global one, and there are few countries where it does not occur, including our own.

But the great bulk of the problem occurs in a relatively few countries.

The principal blame falls upon the criminals and terrorists who do the dirty work, but their ability to operate requires the tolerance of national and local governments.

Protection from law enforcement officials is often secured through corruption funded by the large profits from these criminal activities.

But widespread corruption is not the only obstacle.

The biggest problem is that many foreign governments view this issue as being of little direct concern to them and see the costs as being largely borne by others.

Thus, they have little incentive to do more than the minimum needed to keep the U.S. and other countries reasonably satisfied that “something” is being done.

This lax attitude makes much of our effort to deal with this problem ineffective.

When they are confronted with evidence that their citizens are engaged in illegal activities and are reminded that their international agreements require them to take action to stop it, foreign governments are prone to make empty pledges that they will do more in the hope that this will satisfy our requests.

New measures are often agreed to, promises are made, and yet somehow the problem is never really addressed.

So any policy that relies on securing new agreements or fresh promises is unlikely to solve the problem.

This is the case in China, the worst violator of intellectual property rights in the world.

The U.S. government has repeatedly asked Chinese authorities to take action to deal with the enormous problem of intellectual property piracy, and we have been repeatedly told that they are doing all that they can.

However, too little is being done, and that is by choice.

For example, China’s largest internet search company, known as Baidu (BY– doo), automatically asks everyone who logs on to its site if they want to link to a wide array of known music piracy sites.

Baidu is actually pushing piracy.

And it is a legitimate company, operating openly in China.

The Chinese authorities are well aware of this problem and could shut it down with a phone call.

But they have knowingly decided to do nothing to address our complaints because they have decided to pursue a policy in which Baidu and other Chinese companies will become global players in this industry.

Chinese authorities have invested enormous resources into censoring anything on the web that dares to mention democracy, the Falun Gong, or any other subject the regime wants to suppress.

And many people have actually gone to jail for simply expressing their views.

Yet Chinese officials make the absurd claim that there is nothing more they can do regarding on-line intellectual property piracy.

This is outright theft made possible by government policy.

And China is not the only country where this occurs.

The root of the problem worldwide is that for many governments the costs of doing nothing are small, while the financial benefits to their own companies can be quite large.

The only way to change that attitude is to change the incentives, namely by increasing the costs of failing to take action.

The effectiveness of this approach will depend directly upon the pressure applied.

That cannot happen without the active role of the U.S. government.

Asking our trading partners to uphold their commitments is certainly part of that process.

But the olive branch alone has not worked and must be supplemented with firmer measures.

Yes, we must actively use the existing processes in the various international agreements that concern intellectual property rights and, yes, we must work with our allies to coordinate our efforts, as many of these are increasingly affected by this problem, too.

But if we are to make our efforts more effective, our tools must include a credible threat that real costs will be imposed unless these governments not only take action to stop this piracy, but actually do stop it.

That is why I am so pleased that we are having this hearing today.

For if Congress is not seen as taking an interest in a concern of this magnitude, why should other governments?

We must ensure that our officials continue to actively press those governments which are doing too little and publicly hold them accountable for their actions.

We must make certain that U.S. officials have the authority and the political backing they need to do so.

Congress must also be ready to back up its words with legislative action, including that needed to ensure that tough sufficient economic and commercial pressure is placed on those governments that refuse to stop these criminal activities on their territory.

There is a limit to our patience.

We literally can no longer afford to look away and tolerate inaction when our interests are being undermined by governments which profess friendship and cooperation, even as their citizens rob ours of their wealth and livelihoods, and our country of its prosperity.

Thank you, Mr. Chairman.